

February 4, 2020

Department of the Army
Los Angeles District, U.S. Army Corps of Engineers
Attn: Shannon Pankratz
Regulatory Division, CESPL-RG
915 Wilshire Blvd., Suite 930
Los Angeles, CA 90017
Shannon.L.Pankratz@usace.army.mil

**RE: PETERSEN RANCH MITIGATION BANK 3RD CREDIT RELEASE [USACE FILE NO:
SPL-2012-00669-BEM, CDFW TRACKING NO: 1600-2015-0075-R5]**

Dear Interagency Review Team:

With this letter Land Veritas (Bank Sponsor) formally requests the third credit release for Area E of the Petersen Ranch Mitigation Bank (Bank).

Sections VII.A.1.c, VII.C.1.c, and VII.D.2.a(3) of the Bank Enabling Instrument (BEI) state that the third credit release (up to an additional 15% of the total anticipated credits) shall occur when:

- i. The Bank Sponsor has submitted the Third Year Monitoring Report as required by the Development Plan;*
- ii. Year 3 Performance Standards have been attained;*
- iii. The Bank Sponsor funds a minimum of 40% of the Endowment Amount per Section VI.E.2b; and*
- iv. Release 2 has occurred.*

Item (i) was completed on November 21, 2019 with the submission of the 2019 Annual Monitoring Report to the Interagency Review Team (IRT).

Ex. 4 CBI



Item (iii) will be completed immediately pending IRT provisional approval that the other credit release requirements have been met and that the credits will be released. Per Exhibit D-2 of the BEI, the total Endowment Fund will include a long-term management account and an easement compliance account. The easement compliance account was fully funded prior to bank establishment. Immediately upon IRT provisional approval, Land Veritas will deposit \$ **Ex. 4 CBI** into the Endowment Fund Account managed by the Southwest Resource Management Association (Table 6). Upon deposit, 40% of the total inflation adjusted long-term management amount for Area E will be funded. Combined with the fully funded Easement Compliance Endowment, the total Endowment for the Bank will be 57.7% funded. Deposit receipts for these amounts will be forwarded to the IRT upon deposit.

Item (iv) was completed between July and August, 2018. On July 13, 2018, July 30, 2018, and August 9, 2018, the California Department of Fish and Wildlife (CDFW), United States Army Corps of Engineers (USACE), and the Lahontan Regional Water Quality Control Board (RWQCB), respectively, approved the second credit release for the Bank.

The Bank's credit ledgers are attached to this letter for your review (Attachment A). Finally, the Bank Sponsor is prepared to pay the proportionally appropriate amount of the CDFW Implementation Fee to CDFW following the procedures described in Sections VII.C.5 and VII.D.2(b) of the BEI. The amount to be funded will be dependent of the proportion of CDFW credits released as a result of this credit release request. The Implementation Fee will be paid no later than by the submittal of the 2020 Annual Monitoring Report.

Based on the successful attainment of these release criteria, the Bank Sponsor requests that the IRT release all non-enhancement area credits associated with the third credit release as summarized in Tables 1 – 5.

Sincerely,

H. Tracey Brownfield, President
Land Veritas Corp

Cc:

Sarvy Mahdavi, EPA Region IX

Gail Sevrens, CDFW Region 5

Christine Beck, CDFW Region 5

Tiffany Steinert, Lahontan Regional Water Quality Control Board

Ex. 4 CBI



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Table 6. Endowment funding calculations. The entire Easement Compliance Endowment was funded in 2016.

Endowment Fund Financial Accounting		Easement Compliance Endowment	Long-Term Management Endowment	Total Area E Endowments	
Original Amount Required 5/11/2016 ¹		<div>Ex. 4 CBI</div>			
Adjusted Amount Based on 8.2% CPI as of Feb 2019 ²					
Initial Deposit ³	Amount				
	Deposit Date				
Deposit #1	Amount				
	Deposit Date				
Deposit #2 ⁴	Amount				
	Deposit Date				
Deposit #3	Amount				
	Deposit Date				
Deposit #4	Amount				
	Deposit Date				
TOTAL DEPOSIT AMOUNT ⁴					
Percent Funded ⁴					
Net Amount of Investment Earnings, Gains, and Losses ⁵					
Expenditures					
Current Balance ⁴					

¹ Amount agreed upon in the BEI, executed on 5/11/2016.

² Endowment amounts are adjusted annually using Consumer Price Index (CPI) data from the California Department of Industrial Relations, Division of Labor Statistics and Research published in February of each year. Adjustments are made using the CPI adjustment for all urban consumers, and they are made by March 1st of each year until the Endowment Fund is fully funded. No data was available for May 2016 as the start date or March 2019 as the end date, so June 2016 and February 2019 were used instead, respectively.

³ The easement compliance endowment was fully funded by the Bank Sponsor

⁴ Totals presented include the Long-Term Management Endowment Deposit #2 amount, which has not yet been paid.

⁵ Including realized and unrealized earnings; excludes Long-Term Management Deposit #2.



Attachment 1

Ledgers

Ex. 4 CBI

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